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FAB METAL MINES LIMITED

Annual Report

FOR THE YEAR ENDED DECEMBER 31, 1969

OFFICERS	FRED A. BOYLEN - - - - - President
	G. D. PATTISON - - - - - Vice-President
	R. D. BELL - - - - - Secretary-Treasurer
	J. P. BRISBOIS - - - - - Asst. Secretary-Treasurer
DIRECTORS	R. D. BELL - - - - - Toronto, Ontario
	FRED A. BOYLEN - - - - - Toronto, Ontario
	T. S. CALDWELL - - - - - Toronto, Ontario
	MRS. T. S. CALDWELL - - - - - Toronto, Ontario
	G. D. PATTISON - - - - - Aurora, Ontario
AUDITORS	THORNE, GUNN, HELLIWELL & CHRISTENSON - - - - - Toronto, Ontario
TRANSFER AGENT AND REGISTRAR	CANADA PERMANENT TRUST COMPANY - Toronto, Ontario
HEAD OFFICE	34 ADELAIDE STREET WEST - - - - - Toronto, Ontario

FAB METAL MINES LIMITED

34 Adelaide Street West
Toronto 1, Ontario

DIRECTORS' REPORT

To the Shareholders:

Presented with this report are the financial statements of your Company for the year ended December 31, 1969 with Auditors' Report dated March 12, 1970.

During 1969 one diamond drill hole was drilled for a length of 1,777 feet on the Company's property in New Brunswick adjacent to the property of Brunswick Mining & Smelting Corporation Limited which contains its No. 12 ore body. This hole intersected 143 feet of minor amounts of copper and zinc mineralization. Because of the flattening of the hole from 90° to 35° the main zone was intersected several hundred feet above the target area of about 2,000 feet vertical depth. It is considered that the best ore potential is below 2,000 feet, and it is hoped that additional finances can be obtained for deeper drilling.

The Company's uranium property in Cardiff Township, Ontario, near Bancroft is maintained in good standing.

During 1969, \$53,083 was raised by the Company through the sale of 525,828 shares of its capital stock pursuant to a rights offering to shareholders.

On behalf of the Board,

FRED A. BOYLEN,
President.

Toronto, Ontario,
June 8, 1970.

FAB METAL
(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

(with comparative figures for 1968)

ASSETS		1969	1968
		<u> </u>	<u> </u>
CURRENT ASSETS			
Cash	\$	2,438	\$ 1,390
Short term deposit and accrued interest		20,107	
Marketable securities, at cost (quoted market value \$2,790)		3,081	
		<u>25,626</u>	<u>1,390</u>
INVESTMENTS			
Shares, at nominal value (no quoted value)		1	1
MINING PROPERTIES AND CLAIMS, at cost in cash (note 1)		24,850	24,850
DEFERRED EXPLORATION EXPENDITURES		342,214	327,122
		<u>\$ 392,691</u>	<u>\$ 353,363</u>

Approved by the Board:

FRED A. BOYLEN, Director.

G. D. PATTISON, Director.

AUDITOR

To the Shareholders of
FAB METAL MINES LIMITED

We have examined the balance sheet of Fab Metal Mines Limited as at December 31, 1969 and the statements of deferred exploration expenditures, deficit, administrative expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada,
March 12, 1970.

INES LIMITED

(Incorporated under the laws of Ontario)

December 31, 1969

(at December 31, 1968)

LIABILITIES		1969	1968
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 12,021	\$ 6,470
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (note 2)			
Authorized — 5,500,000 shares of \$1 par value each			
Issued — 4,825,828 shares (1968, 4,300,000 shares)		4,825,828	4,300,000
Less discount thereon		3,911,491	3,438,746
		914,337	861,254
CONTRIBUTED SURPLUS		1,361	1,361
		915,698	862,615
DEFICIT		535,028	515,722
		380,670	346,893
		\$ 392,691	\$ 353,363

REPORT

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

FAB METAL MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

Year Ended December 31, 1969
(with comparative figures for 1968)

	1969	1968
Government fees and taxes	\$ 1,293	\$ 1,107
Consulting	1,563	
Drilling	11,668	
Transportation and field expenses	568	
Expenditures for the year	15,092	1,107
Balance deferred at beginning of year	327,122	370,894
	342,214	372,001
Exploration expenditures written off to deficit		44,879
Balance deferred at end of year	\$ 342,214	\$ 327,122

SUMMARY

	Balance at beginning of year	Expenditures during year	Balance at end of year
Location of properties			
Cardiff Township, Ontario	\$ 6,942	\$ 282	\$ 7,224
Gloucester Township, New Brunswick	320,180	14,810	334,990
	\$ 327,122	\$ 15,092	\$ 342,214

STATEMENT OF DEFICIT

Year Ended December 31, 1969
(with comparative figures for 1968)

	1969	1968
Deficit at beginning of year	\$ 515,722	\$ 463,985
ADD		
Administrative expenses for the year	19,306	3,779
Loss on sale of investments		2,186
Mining claims written off		
Cost		1,200
Deferred exploration expenditures thereon		44,879
	535,028	516,029
Deduct profit on sale of camp equipment		307
Deficit at end of year	\$ 535,028	\$ 515,722

FAB METAL MINES LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSES

Year Ended December 31, 1969
(with comparative figures for 1968)

	1969	1968
Annual report and shareholders' information	\$ 2,007	\$ 1,320
Audit fees	500	325
Directors' fees	750	
Government fees and taxes	40	105
Legal fees and expenses	3,204	389
Listing fees	322	100
Management salary	5,000	
Office rent	1,112	575
Secretarial and accounting services	350	
Transfer agent's fees and expenses	3,582	818
General expense	195	147
Consulting	1,000	
Financing	1,793	
	<u>19,855</u>	<u>3,779</u>
Less interest earned	549	
Administrative expenses for the year, written off to deficit	<u>\$ 19,306</u>	<u>\$ 3,779</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1969
(with comparative figures for 1968)

	1969	1968
SOURCE OF FUNDS		
Issue of capital stock	\$ 53,083	
Proceeds from sale of investments		\$ 3,600
Proceeds from sale of camp equipment		2,500
	<u>53,083</u>	<u>6,100</u>
APPLICATION OF FUNDS		
Administrative expenses	19,306	3,779
Exploration expenditures	15,092	1,107
	<u>34,398</u>	<u>4,886</u>
Increase in working capital position	18,685	1,214
Working capital deficiency at beginning of year	5,080	6,294
Working capital (deficiency) at end of year	<u>\$ 13,605</u>	<u>\$ (5,080)</u>

FAB METAL MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1969

	<u>1969</u>	<u>1968</u>
1. MINING PROPERTIES AND CLAIMS		
8 Patented claims and 50 acres of land in fee simple in Cardiff Township, Ontario	\$ 7,550	\$ 7,550
81 Claims in the Parish of Bathurst, Gloucester County, New Brunswick	17,300	17,300
	<u>\$ 24,850</u>	<u>\$ 24,850</u>

2. CAPITAL STOCK

During the year 525,828 shares were issued for \$53,083.

3. OTHER STATUTORY INFORMATION

Direct remuneration of directors and senior officers (as defined by The Corporations Act) was \$750 (nil in 1968).